



U.S. HOUSE OF REPRESENTATIVES

Committee on Appropriations – Democratic Staff

Shortchanging Domestic Priorities:

Analysis of the Labor, Health and Human Services and
Education Appropriations Bill, Fiscal Year 2007
Full Committee Markup

THE NEEDS OF A NATION

As We Consider this Bill...

Today, average families are paying more at the gas pump, to heat their homes, send their kids to college, and obtain health care. At the same time, **wages are down** in real terms for middle- and lower-income workers — and the **earnings gap** between them and the highest-income workers **is growing**.

The **population continues to increase**, and **schools and colleges must find the resources to educate 73 million students, a record number, in 2007.**

The number of **people without health insurance** has increased to **45.8 million Americans** — the **highest number on record**. Since 2000, the number of Americans who are uninsured has risen by six million.

Poverty in America has risen for four straight years. In 2004 (the latest year data is available) 37 million people were in poverty, up from 32 million in 2000.

These are the problems we need to respond to. And, they won't get any better without positive action on our part.

Leadership means taking the country in the right direction.

This year's Labor, Health and Human Services and Education bill provides **\$11 billion less** in real terms, after adjusting for inflation and population growth, **than we invested in the nation's education, health and job training priorities just two years ago.**

That is moving in the wrong direction.

With all these problems, **the Majority is giving supersized tax cuts to the wealthy.** It will cost roughly **\$50 billion** to pay for the President's tax cuts just for the **wealthiest 1 percent** of Americans this year.

Yet, this bill fails to provide even another **\$3.1 billion** that **people in both parties and on both sides of the Capitol agree is needed to prevent harmful cuts and permit us to make progress in addressing the nation's problems.**

DEPARTMENT OF LABOR

FAILURES OF THE LABOR, HEALTH, EDUCATION BILL

Under this Administration, we've seen two years of job losses followed by three years of inadequate economic growth. As a result, **seven million Americans remain unemployed** — one million or 17 percent more than in 2001. More than **1.3 million Americans have been jobless for more than 26 weeks** — nearly double the number in 2001.

Meaningful job training programs and support for jobless workers should be among our highest priorities. Yet, in real terms, **training and employment service programs will have been cut \$1.3 billion in just two years**. What does this bill do?

Workforce Investment Act Programs face \$431 million in cuts, including \$325 million already disbursed to local communities. The result will be less training and job search assistance for the 7 million Americans who are unemployed.

This bill **cuts \$27.6 million** from the **U.S. Employment Service**, which matches jobless people to employers seeking workers. Since 2001, 5.5 million or 29 percent *fewer* people have been served by the Employment Service due to budget cuts.

Thousands of job seekers find work through **America's Job Bank** and thousands of employers use it. It is the backbone for more than 20 state job banks as well as the electronic version of a national employment service, but this bill **eliminates this important service**.

\$144.8 million is cut from programs to help at risk youth find work. For example,

- The successful **YouthBuild** program puts unemployed young men and women to work building affordable housing while providing them with education and job training assistance. Plans to transfer this program from HUD to the Department of Labor will cost \$50 million and the bill cuts the program by \$5 million, creating a **\$55 million cut** in grants that go to local communities for **youth training services**.
- This bill will make a \$350 million backlog of repairs to Job Corps dormitories, classrooms and other facilities worse by **cutting Job Corps by \$41 million**.
- The **youthful offenders training program**, which helps only a small fraction of some 120,000 juvenile offenders get necessary basic education and occupational skills, is **eliminated**,

Community service jobs for nearly 3,000 seniors are eliminated. Nearly 10 million, mostly female, seniors scrape by with incomes below 125 percent of the poverty line. They are eligible for the part-time, minimum wage community service jobs that the Title V senior employment program provides. Four years of funding cuts to this program have resulted in a 17 percent drop in the number of participants, from 109,886 in 2002 to 91,500 in 2006. Although the program provides needed income and allows low-income seniors to serve their local communities, the bill **cuts the Title V program again, by \$12.3 million**.

The International Labor Affairs Bureau is cut \$60.2 million or 83 percent to \$12.4 million. This program promotes core labor standards, removes children from hazardous labor, and strengthens social safety nets for disadvantaged workers around the world.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FAILURES OF THE LABOR, HEALTH, EDUCATION BILL

Increasing Healthcare Access

As healthcare costs continue to climb, the number of **people without health insurance** has increased to **45.8 million Americans** — the **highest number on record**. Since 2000, the number of Americans who are uninsured has risen by six million

The **Health Resources and Services Administration** (HRSA)—the primary government agency responsible for improving health care access – gets a \$239 million increase over last year, but that doesn't even restore the \$272 million cut made last year, much less keep up with inflation. Adjusted for inflation and population growth, the bill produces an **8 percent loss in purchasing power** since 2005.

Unfortunately, **whether or not you have access to health care depends too often on where you live**. Large areas of this country are without adequate numbers of doctors, dentists and health clinics—both in rural America and in inner cities. Also, we have persistent **disparities in health care for racial minorities**. Regrettably, the small federal programs trying to address those gaps have taken large hits in the appropriations process.

For example, there's the **National Health Service Corps**, which provides scholarships and help with student loan repayments for medical students and graduates who agree to practice in underserved areas. Many participating doctors and dentists keep practicing in those communities after their scholarships end.

Medical Research

Another area where we are neglecting needed investments is **biomedical research** at the **National Institutes of Health**. By most measures, NIH is now going backward in terms of research funding and purchasing power. **NIH funding is frozen** after a small cut last year. In inflation adjusted terms, it represents a 3.7 percent loss of purchasing power compared to FY 2006 and an 11 percent loss of purchasing power since the budget-doubling period ended in FY 2003. The proposed funding level is expected to support **656 fewer research project grants** than last year and **1,570 fewer grants** than three years ago. A lot of progress has been made recently in advancing basic knowledge in areas like genetics and in developing powerful new research techniques. This is not the time to be slamming on the brakes, as scientists begin to translate those advances into new therapies for diseases like cancer or Parkinson's or Alzheimer's.

Human Services

Community Services Block Grants (CSBG) are **cut by almost one third, from \$630 million in FY 2006 to \$449 million in 2007**. CSBG funds are used by 1,100 local agencies operating in almost every county in the United States to serve some of the poorest people in the nation, many of whom have few other places to turn for assistance. They can be used for services like job training, childcare, programs for youth and seniors, and emergency food assistance.

The Low-Income Home Energy Assistance Program is cut by one third, from \$3.2 billion to \$2.1 billion. In the face of record high energy prices, fewer Americans will receive needed assistance with their energy bills.

Head Start provides early childhood education and comprehensive social services for children from low-income and disadvantaged backgrounds, to help give them a more equal start in life. The proposed funding level doesn't keep up with inflation, creating a real squeeze on local agencies facing rising utility bills, higher costs to put gas in their school buses and the need to provide their teachers and staff with modest pay raises. To cope, Head Start programs have had to reduce hours, curtail transportation and discontinue services. The National Head Start Association estimates that another year of frozen funding could **reduce enrollment by 19,000 children**.

For working parents—especially single parents—child care is also essential. However, this bill once again freezes appropriations for the **Child Care Block Grant**, following four previous years of frozen or declining funding. The block grant is \$38 million smaller than it was five years ago in actual dollar terms. Adjusted for general inflation and population growth, it has **lost 16 percent of its purchasing power** since FY 2002. Five years ago, federal child care grants were serving 1.7 million children. Now that number is down to 1.5 million children, while the number of working families needing help obtaining safe and affordable child care has only been increasing.

DEPARTMENT OF EDUCATION

FAILURES OF THE LABOR, HEALTH, EDUCATION BILL

The bill provides \$56.2 billion for the Department of Education, \$400.8 million below FY 2006 and \$1.0 billion below FY 2005 on a comparable basis.

No Child Left Behind is cut nearly \$500 million compared to FY 2006 and \$1.5 billion compared to FY 2005. Schools are getting less, as the government asks them to do more. The bill falls \$16.4 billion short of our NCLB funding promises in 2007, creating a cumulative shortfall of \$56.7 billion.

No Child Left Behind Budget Shortfalls

(Program level, Dollars in Millions, Totals may not add due to rounding)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
						LHHS Bill
NCLB Authorization	\$26,417	\$29,217	\$32,017	\$34,317	\$36,867	\$39,442
NCLB Appropriations	\$22,195	\$23,837	\$24,463	\$24,521	\$23,504	\$23,012
Shortfall	-\$4,222	-\$5,381	-\$7,554	-\$9,797	-\$13,363	-\$16,431

Teacher Quality State Grants are cut \$300 million. These grants help schools to recruit, hire, and train highly qualified teachers to meet teacher quality mandates in No Child Left Behind. 73,500 fewer teachers will receive professional development as a result of these cuts. These teacher grants will have been cut in real terms by \$500 million since 2005.

Education Technology Grants are eliminated (\$272 million in 2006 and \$496 million in 2005). These grants help schools, universities and technical colleges share classes statewide, provide online professional development for teachers, and assist schools in keeping up with ever-changing technologies.

Safe and Drug Free Schools State Grants are cut nearly \$40 million. Many communities use these grants to address the growing methamphetamine crisis. SDF funds are being used to help law enforcement, education and social service agencies implement meth prevention programs and youth mentoring to reduce meth abuse. SDF funds will have been cut in real terms \$150 million or 33 percent since 2005.

Title I helps ensure that the nation's most disadvantaged children meet rigorous NCLB academic standards by supporting intensive reading and math instruction for low-income children. Although the bill does provide a welcome \$200 million for targeted assistance for some schools, it still **falls \$12.3 billion short of the \$25 billion promised for Title I under NCLB.** Under this bill, two thirds of all school districts will see Title I formula grant cuts next year, following a round of cuts in most districts in FY 2006. In real terms, Title I formula grants will have been cut nearly \$800 million since FY 2005.

The federal share of educating students with disabilities continues to decline. Congress promised to pay 40 percent of the costs of educating 6.9 million students with disabilities under the **Individuals with Disabilities Education Improvement Act (IDEA)**. Instead, the federal share of special education costs will continue to decrease from 18.6 percent in 2005 to 17.8 percent in 2006 to 17 percent in 2007. An additional \$1 billion would be needed to restore the federal share to its 2005 level.

More than **5 million children need assistance to read and speak English**. Yet, the LHHS bill again freezes the **English Language Acquisition Program**, which helps schools hire and train bilingual teachers, provide research-based English language instruction, and raise the academic skills of English language learners. This program has been cut or frozen for four years in a row, and will have suffered a **\$47 million or 6.7 percent loss in purchasing power since 2005**.

The bill **freezes funding for after school centers at \$981 million, sustaining cuts made in 2006, 2005 and 2003**. The tutoring, arts enrichment and mentoring that after school centers provide are in high demand from working parents. However, states could fund only one-third of all after school applications in 2005, and the number of children served has been frozen at about 1.3 million for five years. With the additional \$1.5 billion authorized by NCLB for after school programs, 2.0 million of the 6.9 million children who are regularly unsupervised in the after school hours could be served.

Impact Aid payments for nearly one million civilian and military children is frozen. The bill provides \$1.2 billion for Impact Aid, freezing basic support payments for the first time in a decade. Through Impact Aid, school districts receive grants to replace operating revenue lost due to the presence of military and other Federal facilities in their communities. These funds pay for teachers, books, computers and other educational services. Under the bill, 1,300 school districts will receive only 60 percent of the \$1.8 billion needed to fully fund Impact Aid basic support payments.

The bill does not do nearly enough to help low- and middle-income students and families who are struggling to pay for college bills. **The share of 4-year public college costs paid by the Pell Grant will drop to a new low.** Due to rising costs, a \$300 increase in the maximum Pell award is needed just to maintain last year's purchasing power compared to the \$100 increase in the bill. A \$1,650 increase would

CONCLUSION

A QUESTION OF PRIORITIES...

The fundamental problem is not the specific decisions made in this bill, but rather the Majority's overall budget policy.

Under that policy, middle- and lower-income Americans are paying the price in cuts in programs they depend on while fiscally irresponsible, super-sized tax cuts targeted to the top end of the income scale grow the deficit and the debt.